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DEPARTMENT OF BUDGET & MANAGEMENT SERVICES



TANYA S. ANTHONY

BUDGET DIRECTOR

118 N. CLARK, SUITE 1100 • Chicago, Illinois 60602 • (312) 603-4593

MEMORANDUM

To: Elected Officials, Bureau Chiefs, and Department Heads

From: Tanya Anthony, Budget Director 
Earl Manning, Capital Planning and Policy Director 

Subject: 2019 Capital Equipment and Capital Improvement Requests

Date: March 16, 2018

CC: John Keller, Chief of Staff
Lanetta Haynes Turner, Deputy Chief of Staff
Ammar Rizki, Chief Financial Officer
Ann Kalayil, Chief of Asset Management
Simona Rollinson, Chief Information Officer
Martha Martinez, Chief Administrative Officer

The Department of Budget Management and Services (DBMS) in collaboration with the Department of Capital Planning and Policy (DCPP), provides this memo to inform departments of the Capital Equipment (CE) and Capital Improvement (CIP) request processes for FY2019.

2019 CAPITAL EQUIPMENT REQUESTS

Departments will enter all FY2019 capital equipment requests into the Hyperion/Capex Budget Request System, which is scheduled to open on **April 2, 2018**. An overview and/or additional training for the Hyperion/Capex System can be found in the Knowledge Center, under Budget/Hyperion/CAPEX. Capital equipment submissions are due by **COB April 30, 2018**.

Ongoing Projects Submission:

With the implementation of Hyperion, the budgeting process was changed to allow departments to review ongoing projects' actual spend year-to-date and add additional requests for more funding in the upcoming year. When reviewing ongoing projects, departments should have a clear and concise idea of their expenditures for the following year. Meaning, they need to budget their expenditures on the lowest task level, and provide 20 months of cash flows via Hyperion Spreadsheet (April, 2018 through November, 2019).

Departments will no longer be able to re-prioritize or re-purpose FY2018 unencumbered dollars to FY2019, only encumbered dollars will be rolled over for goods and services received in FY2018 but not yet invoiced. Any unspent dollars for closed or cancelled projects will no longer be available to the department, nor can they be re-purposed for another project. If an ongoing project has unencumbered dollars and is still in-progress, the department must re-request the funding in Hyperion to re-appropriate the unencumbered funds in FY2019 and select “ongoing” as the priority type. The FY2018 unencumbered funding will no longer be carried forward to the new fiscal year only the encumbered funds. The board approved capital projects have the appropriation for only one year, regardless of the total number of years of the project.

New Projects Submission:

Prior to submitting a new request in Hyperion, departments can work with their respective Budget Analyst on the cost-benefit analysis (Return on Investment and Efficiency) and present impact on the operating budget. The departments are responsible for:

- reviewing the capital eligibility list and selecting the correct funding source(s) for each requested item
- considering procurement, delivery and invoicing timelines prior to submitting a new project
- making sure the useful life of projects are at least 5 years, and the total amount is \$5,000 or more
- entering new project requests into Hyperion
- submitting CEP Business Cases for each new project with detailed justifications (CEP Business Case Template is attached)

When preparing your requests and justifications, please make sure to include any impact on the operating budget, including:

- training
- technical IT support and maintenance beyond Year 1
- hosting fees
- extended warranties
- lease
- subscriptions
- and other costs not eligible to pay with debt dollars.

The attached *Capital Expenditure Guidelines* and *Allowable IT Capital Expenditures* funding guidelines should help determine operating budget impacts.

Capital Equipment projects will be automatically declined if any of the Project Details fields are left blank in Hyperion. For your FY2019 projects to be considered for funding, please provide detailed CEP Business Cases with cash flows and cost/benefit analysis; make sure all fields in Hyperion are filled out and none of them are left blank. Feel free to contact your respective Budget Analyst for assistance in submitting requests and providing appropriate details within each justification.

Projects with Both CIP and CE Components Submission:

Capital Equipment (CE) is defined as an asset, usually not attached to a building or grounds, with a project cost of \$5,000 or more; a useful life of at least five years; and that the County will purchase and own.

Capital Improvement Projects (CIP) include all remodeling or construction projects. CIP cannot be budgeted in capital equipment accounts.

If a project includes both CIP and CE, these should be submitted separately in their respective systems. However, please note in your CE request "General Comments" field if it is part of a Capital Improvement project. Please submit your CIP requests to the Capital Planning and Policy Department by COB on **April 30, 2018**. See the Capital Improvement Request section of this memo for details.

DBMS asks that departments also complete the following inventories to help the County plan for funding requirements more effectively for 2019 - 2024:

- IT Asset Inventory (located on SharePoint)
- Non-technology and non-vehicle equipment inventory with the replacement cycle schedules (located in Hyperion)

IT Asset Inventory Submission:

Per amended ordinance, the BOT has developed a SharePoint site to submit departments' Software Asset and Technology Hardware Asset inventories.

- Software Asset means all types of software, including custom, commercial off-the-shelf, and remotely-hosted software, as well as software license agreements and consumption information related to the number of software instances installed or in use.
- Technology Hardware Asset means all types of computer hardware or systems, to include servers, switches, desktop personal computers, laptops and other similar computer technology, peripherals or equipment.

For additional guidance, please see the SharePoint instructions in the "Attachments" section of this memo.

Funding Sources Selection:

Each Capital Equipment project can be funded by multiple funding sources, such as "Debt Proceeds", "Operating Fund", "Special Purpose Fund", "Motor Fuel Tax Fund", "Pay-As-You-Go Fund" and "Grant (State or/and Federal)".

- "Debt Proceeds" are funded by the issuance of bonds and are administered by the CFO's Office;
- "Operating Fund" is used to fund capital equipment projects with the Corporate, Public Safety or Health fund and is automatically linked to the operating budget of the requestor;
- "Special Purpose Fund" works as "Operating Fund", however it requires an extra step to "Assign a Fund Number". See instructions in Hyperion, Capital Equipment Section, Task 8;

- “Motor Fuel Tax Fund” is managed and used only by the Department of Transportation and Highways;
- “Pay as you Go Fund” is managed and used only by the Department of Budget and Management Services;
- “Grant (State or/and Federal)” is used only by Grants Award organization. Departments are required to request a capital appropriation in order to fund Capital Projects with the Grant fund. If Departments received a brand new grant which is not included in the annual appropriation bill and the grant funds capital equipment projects, as long as the Board approves the execution of the grant award, departments are allowed to spend funds for capital equipment.

Without the Capital appropriation, departments are not able to acquire Capital Equipment. Departments must go before the board in order to increase their Capital Appropriation, and provide a funding source for their request. Excess funds in the Operating Budget or Special Purpose Budget still needs Capital Appropriation for Capital Equipment purchases.

The departments **must submit** the Software and Hardware Asset inventories via SharePoint, and 1) CEP Business Cases, 2) Vehicle Request Forms, 3) Cash Flows, 4) Non-IT/Non Vehicle Inventory, 5) IT requests under \$5,000 via Hyperion by COB on Monday, **April 30, 2018**.

Name and convention for each deliverable should start with the office number, for example “1009 CEP Business Case_ (name of the project)”, “1029 Vehicle Request Form_ (name of the project)”. Acceptable formats for the submissions are PDF, and Excel for the Cash Flows. Scanned documents will not be taken into a consideration.

The Hyperion Budget System will be open for capital equipment requests from April 2 until COB on April 30. Again, please contact your Budget Analyst if you need assistance submitting your requests.

CAPITAL EQUIPMENT REVIEW PROCESS

The Capital Committee consisting of the Bureau of Technology, Bureau of Administration, and the Office of the Chief Financial Officer, Vehicle Steering Committee, and the Budget Department will review and prioritize the requests. The goal is continuing support of County strategic priorities, such as:

- centralized vehicle management;
- reuse of equipment in good condition;
- one to one computing;
- and standardizing County computer hardware and software.

In addition, the review process will continue to achieve operational savings and process efficiencies to support the departments’ core functions while achieving strategic savings through Cook County contracts. This will allow the County to create an achievable capital implementation plan.

The Bureau of Finance continues to search for opportunities to shift capital equipment purchases from bond financed funding sources to the operating budget and will be working with all Offices to find the best solutions and funding mix for Cook County.

Vehicle Requests will be reviewed with the Vehicle Steering Committee to ensure compliance with the County's requirements for new and replacement vehicles. Steps will be taken to eliminate take-home non-police vehicles to reduce the countywide passenger vehicle fleet. An assessment for each vehicle request will be performed, in which criteria such as vehicle utilization, odometer readings and fleet age are analyzed. Departments requesting vehicles will complete a supplemental *Vehicle Request* form, located on a STEP portal and to be attached to the project in Hyperion. Please note that departments who are not up-to-date on Centralized Fleet Management System inventory reporting will not be considered for new or replacement vehicles.

Telecommunications, Technology Projects and Equipment Requests will be reviewed jointly by the Bureau of Technology (BOT) and DBMS.

Furniture Requests will be reviewed by the Space Allocation Committee.

2019 CAPITAL IMPROVEMENT REQUESTS

Project request submissions for the 2019 Capital Improvement Program (CIP) can be submitted to cip2019request@cookcountyil.gov beginning on **April 2, 2018** through COB on **April 30, 2018**. The submission process is essentially the same as it was last year.

CIP requests submitted after April 30, 2018 will not be considered.

All CIP project requests require a corresponding CIP Business Case to be completed. Please thoroughly answer each question in the business case form and provide specific details and justification to support the review process.

If your CIP project request requires a Capital Equipment Plan (CEP) request, attach your CEP request as part of your supporting documentation. Ensure that all supporting documentation attachments are attached to your Department's Business Case submission(s).

CIP project requests that are not filled out in their entirety will not be considered in the FY2019 CIP Plan.

To assist in the CIP project request process, the Department of Capital Planning & Policy (DCPP) will hold two support information sessions at 69 West Washington, 22nd Floor:

- Kickoff Informational Session – Monday, April 2nd at 1 pm
- Draft Review Session – Thursday, April 19th at 10 am

The intent is to have a clear, consistent and holistic approach to the FY2019 CIP request process. Therefore, DCPP is requesting each Director select a "CIP Representative" from their department to ensure clarity and accuracy is communicated effectively regarding the CIP requests, concerns and questions.

All CIP correspondence, questions and submissions should be handled by the designated Department "CIP Representative." It is highly encouraged that the CIP Representative attends both support sessions noted above.

Please forward the name, contact number and email address of your department's CIP Representative to Leonorilda Amador via email at leonorilda.amador@cookcountyil.gov by COB on Monday, March 19, 2018. Instructions to submit your request will be sent directly to your CIP Representative. Your cooperation is greatly appreciated.

BUDGET TIMELINE

Please see below for the tentative FY2019 Budget calendar. DBMS may update the schedule as needed and communicate any changes to the various departments.

March 19, 2018	Submission of CIP Representative to DCPD
April 2, 2018	CIP/CEP Kickoff Information Session
April 2, 2018	Hyperion Budget system opens to departments to enter Capital Equipment requests for FY2019
April 19, 2018	CIP/CEP Draft Review Session
April 30, 2018	Hyperion Budget system closed for Capital Equipment requests
April 30, 2018	Capital Improvement requests for 2019 are due
May 1 – 16, 2018	Budget/Capital analysts complete Capital Equipment review
May 17 – June 7, 2018	Capital Equipment Committees finalizes 2019 Budget recommendations
June 15, 2018	Final requests sent to departments
October 2018	President's Executive Recommendation to Board of Commissioners
November 30, 2018	End of the 2018 Fiscal Year

The following attachments can be found in the Capital Equipment and Improvement Budget section at: <http://step.cookcountyil.gov/coming-soon/policies-procedures/>

Capital Equipment Projects:

- Capital Expenditure Guidelines
- Reference Guide for Capital Equipment Projects
- FY2019 IT Budget CIO Roundtable
- Allowable IT Capital Expenditures
- IT Asset Inventory Submission Instructions
- Non-IT/ Non-Vehicle Inventory Template
- CEP Business Case Template
- Vehicle Request Form
- Hyperion CapEx Budgeting FAQs
- IT Equipment Request Form (Less than \$5,000)
- Useful Life Guidance

Capital Improvement Projects:

- CIP FY2019 Capital Business Case Request
- Space Allocation Request Form
- Capital Project Facilities Request Form
- Cook County Properties with Property ID Number